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Title: Meeting User Needs for Intranet / Intranet Development

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Meeting User Needs for Internet/Intranet Development

The Internet represents the most significant wave of new technology since the introduction of PCs in the early 1980s.

The realization that the Internet can be adopted to support an organization's internal business processes brings to the fore the reliability and security issues of the "open Internet" that are key drivers of the *Intranet* opportunity.

Some large organizations are already deploying Intranets designed to underpin key elements of their business. Certainly the majority of organizations are at least planning how Intranets can most effectively be used.

The opportunity to meet both Intranet and Internet systems development requirements is creating a substantial new market for professional services firms and systems integrators. This market was already worth $2.5 billion in the U.S. in 1996 and is expected to be worth $18 billion by 2001.

However, IT professional services firms and systems integrators face major challenges in attempting to understand how Internet technology can best be used in corporate computing environments now and in the future.

Primary research recently compiled by INPUT is presented here to assist IT services vendors to optimize the growing potential of this market, covering the following issues:

- Gaining an understanding of the priority that users are placing on different applications of Internet technology, both internally as Intranets and externally
- Identifying those areas where users are most likely to seek or be receptive to the utilization of external sources of development assistance

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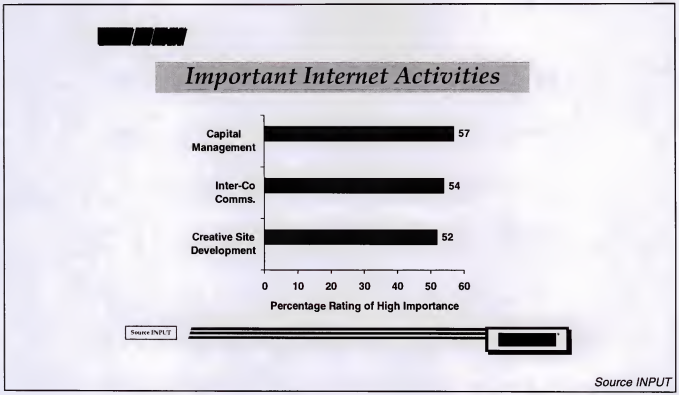
Exhibit 1



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Understanding User Priorities

The most important Internet activities for users are indicated in Exhibit 1.

Content management is one of the highest priorities for users as they come to realize the full extent of the on-going support commitments, ranging from update services through to continuous 24x7 support.

At the moment Internet users are not yet generally applying the technology to full function interactive services, although these are expected to emerge soon to form a second wave of demand for services.

Currently concerns about security and network reliability are impeding the development of the more advanced uses of the Internet.

It is in response to these concerns that users have in the meantime focused their attention on leveraging Internet technology internally as Intranets.

Three quarters of the users surveyed in this research project reported that they were actively planning to implement an Intranet.

User priorities for Intranet development are shown in Exhibit 2.

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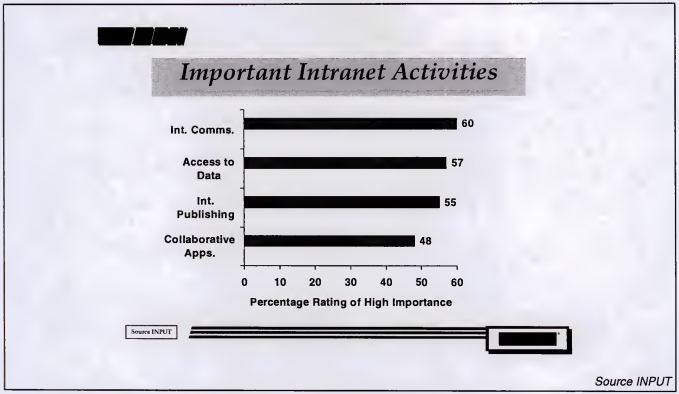
Exhibit 2



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Identifying Strong Service Need Areas

Users adopt a selective approach in utilizing services vendors for Internet related activities.

Creative site development is the area most likely to be subcontracted to a services vendor as is shown in Exhibit 3.

The functions users choose to subcontract will not necessarily correspond to the functions which users rate of highest priority.

For example, users indicated that they were least likely to turn to an outside vendor for help with inter-company communications even though this activity was rated first in importance by users.

This is an example of the tendency to insource critical activities which might be more efficiently addressed through utilizing an external source of know-how and experience.

Exhibit 4 indicates that the strongest service need in relation to Intranets would appear to be supporting access to corporate data.

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Exhibit 3

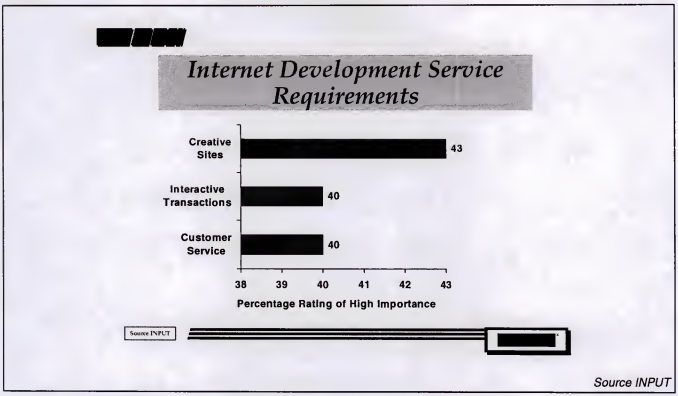

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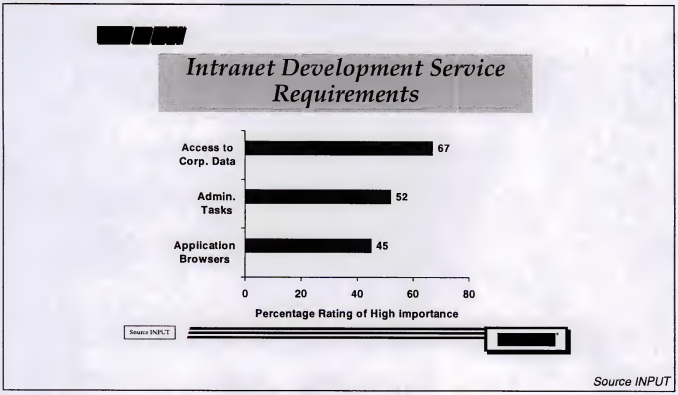
Exhibit 4



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Other Intranet activities that are also highly likely to be sub-contracted by users are, the migration of existing applications, the facilitation of internal communications and collaborative applications.

The key factors that are likely to drive demand for vendor assistance in the support of Intranet development are:

- Lack of skills and experience in-house
- Non-mission critical nature of projects causing shortages of internally available resources
- Uncontrolled, unmanaged development of Intranets at the department level

Existing applications that are likely to be moved to Intranet platforms are:

- Sales automation including expense reporting and travel
- Order processing as part of EDI and Supply Chain Management
- Internal Help desks
- Accounting applications

Greater dependence on internal networks particularly for firms that operate globally, will be a major driving force for development opportunities of professional services firms.

For example Ford Motor depends on Hewlett-Packard to mange its Intranet activity to ensure support for 70,000 users across over two dozen countries.

This Research Bulletin is issued as part of INPUT's Systems Integration Program. If you have any questions or comments on this bulletin, call Wilson Haddow at INPUT, 1881 Landings Drive, Mountain View, CA 94043-0848, (415) 961-3300, email wh@input.com.

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